

# MERCER

Health & Benefits

## South Dakota Zaniya Commission Current State Healthcare Reform Activities

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# Introduction

- US Healthcare Reform as Defined by the Experts
- Five Popular Approaches Aimed at Access
- Illustrative State Legislative Efforts
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# US Healthcare Reform as Defined by the Experts

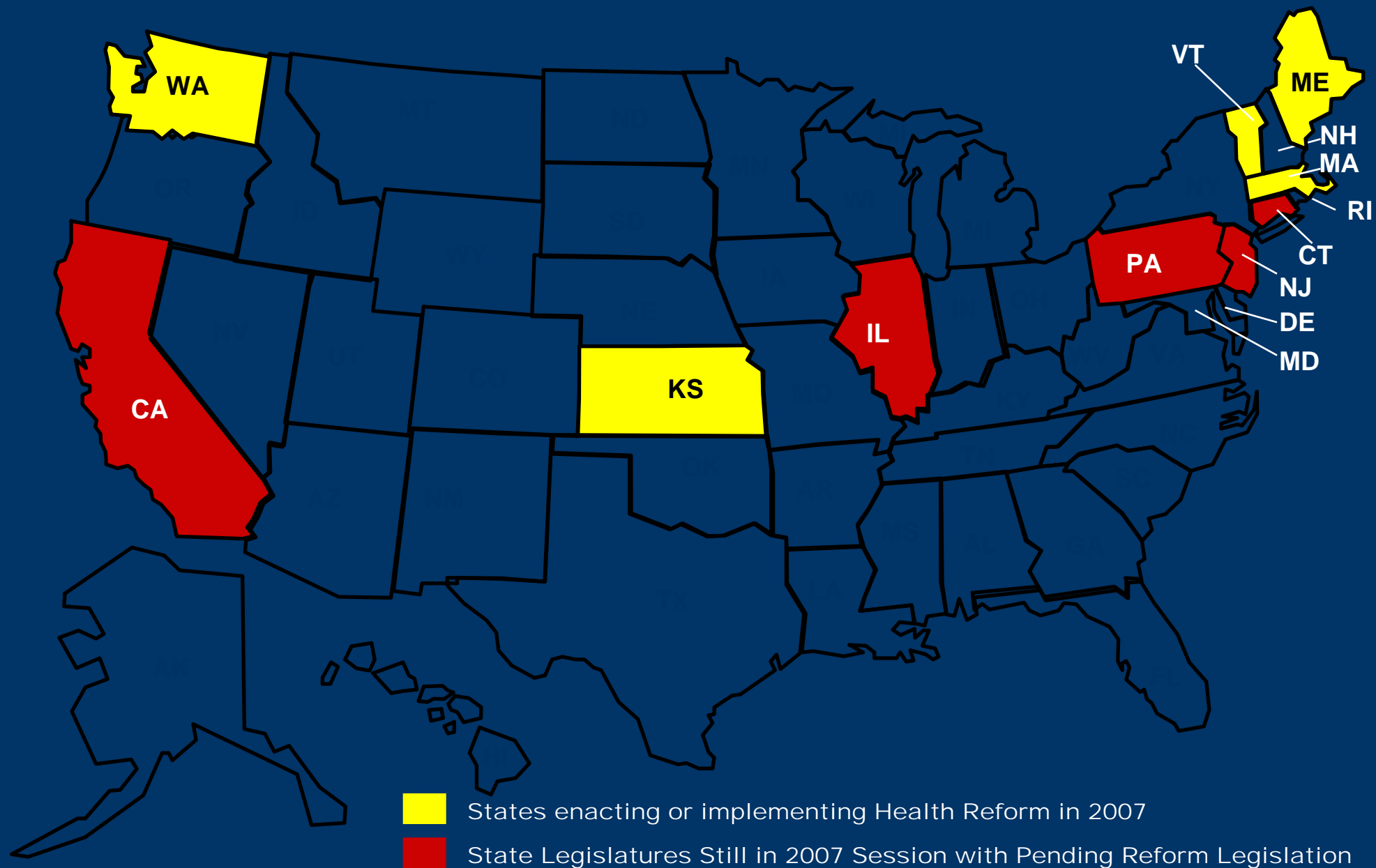
The Utopian View – Healthcare Reform will:

- Provide 100% Access – all residents are covered
- Highest Quality of Care – errors are eliminated, evidence-based protocols are always followed
- Highest Efficiency of Care – care is always performed in the most efficient setting, by the most appropriate level of provider(s)
- Improve the Health of the US Population – healthy behaviors are the norm rather than the exception
- Healthcare Costs Will Be Reduced – US healthcare costs are in line as a percent of GDP with other developed countries and trend is equal to general inflation (no more 2-3X)

# Six Popular Approaches Aimed at Access

- Employer Pay or Play – requires employers to offer a certain level of healthcare coverage or be taxed to subsidize a State insurance pool
- Extension of IRC Section 125 Plans – requires employers to extend to ALL employees the ability to make pre-tax premium payments
- Connector or Exchange Agencies – establish State agencies to provide access to affordable health insurance
- Individual Mandates – require all State citizens to purchase health insurance
- Small group reform – enhanced access to coverage for small groups
- Extended Dependent Eligibility – require all health insurance policies offered in the State to extend dependent children eligibility up to a specified age

# Illustrative State-by-State Health Reform Legislative Efforts



# 2007 State Health Reform – Illustrative Examples

State	Status	Initiative	Pay or Play	IRC §125	Connector/ Exchange	Individual Mandate	Extended Dependent Eligibility
CA	Passed Assembly	AB8	✓	✓			
CA	Passed Senate	SB48	✓	✓	✓	partial	
CA	Introduced	SB840 (single payer)	✓			✓	
CA	Introduced	SB1014	✓			✓	
CA	Died	SB236		✓			
CA	Proposed	Governor	✓	✓		✓	
CO	Enacted (2006)	HB 05-1101					✓
CT	Passed	SB1484		✓	✓		✓
GA	Died	SB26			✓		
IL	Introduced	SB5	✓		✓		✓
IN	Enacted	HB1678		✓			✓
KS	Enacted	Task Force		✓	✓		
MA	Enacted	Health Care Reform Act	✓	✓	✓	✓	✓

# 2007 State Health Reform, continued

State	Status	Initiative	Pay or Play	IRC §125	Connector/Exchange	Individual Mandate	Extended Dependent Eligibility
MD	Pre-empted	Fair Share Health Care Act	✓				
MD	Died	HB32/S149		✓	✓		
ME	Enacted	Dirigo Health Plan					
ME	Introduced	LB1890	✓			✓	
MN	Enacted	Task Force	✓	✓	✓	✓	
MO	Enacted	HB818			✓		✓
MO	Enacted	SB577			✓ Medicaid		
MT	Enacted	HB48 (2007)	?		?	?	
MT	Enacted (2006)				✓		
MT	Enacted (2007)						✓



# 2007 State Health Reform, continued

State	Status	Initiative	Pay or Play	IRC §125	Connector/ Exchange	Individual Mandate	Extended Dependent Eligibility
NJ	Proposed	Senator Vitale		✓	✓	✓	
PA	Proposed	HB700	✓		✓	✓	✓
TX	Proposed	Governor Perry				✓	
VT	Enacted	Catamount	✓		✓		
WA	Enacted	SB5930			✓		✓
WA	Enacted	HB1569		✓	✓		
WI	Proposed	SB40	✓		✓	✓	

# Federal Legislative Efforts and the 2008 Presidential Hopefuls

# Health Reform and Congress 2007-2008

- Proposals to increase state flexibility to adopt broad health reform through ERISA waivers
- Broad health reform proposals include a variety of approaches, including: expanding private health coverage; expanding Medicare or FEHBP programs; grants to states for experimentation, and replacing current system with a national program. Financing for many proposals includes employer mandates.
- Reauthorization of SCHIP funding
- Narrow reform proposals (mental health parity, genetic nondiscrimination)
- Broad reform unlikely, though it's unclear what will happen as both parties jockey for position in the 2008 Presidential and Congressional campaigns

# Health Reform and the White House 2007-2008

- Immigration not Health Care Reform was Top Domestic Agenda Item
- Little Appetite for Continuing the Fight with the Democratic Congress over Expanding HSA Coverage
- CMS May Open Broad Public Access to Medicare and Medicaid Data as a Nod Toward Transparency
- Secretary Leavitt's "Four Cornerstones" Activity
  - Measuring and publishing cost information
  - Measuring and publishing quality information
  - Develop incentives to promote price competition and improve quality
  - Make widespread use of interoperable health IT

# Health Reform and Congress 2009 and Beyond

- If the Democrats
  - increase seats in one or both chambers, regardless of who the next President is, this will be a Top Priority
  - retain their current majorities and the next President is a Democrat, this will be a Top Priority
- If several more State Legislatures enact Employer Pay or Play Legislation, business interests will likely make sure Federal Legislation is a Top Priority

# Health Reform and the White House 2009 and Beyond – the Presidential Hopefuls

## ■ Democrats

- Obama – some pay or play and connector agency aspects from MA, allows States flexibility to continue Reform Legislation
- Edwards – individual mandate, employer play-or-pay
- Clinton – few details, though favors universal coverage with no individual mandate

## ■ Republicans

- McCain – no detailed proposal, but opposes federal mandates and generally favors tax credits
- Giuliani – no detailed proposal, but opposes federal mandate and using private market and tax deductions
- Romney – no detailed proposal, but he forged MA reform law

## Some Current Private Sector Efforts

# A Few Examples of Private Sector Health Care Reform

- Leapfrog – Quality
- NBGH “never pay” – Quality
- Care Focused Purchasing – Quality/Efficiency (Cost)
- HSPA – Access for Un-insured PTE’s
- Coalition for Accountable Health Care – Access and Cost
- ERIC Platform for Life Security – Access and Cost
- Many, many more



# Conclusion

- More States will enact Health Reform Legislation in 2008
- States are moving ahead on health IT and wellness
- Small group reform popular with States
- State and any early Federal Legislation will likely stick to the Access Issues of Health Reform, as it is:
  - easiest to tackle
  - has broad public support
  - is difficult politically to oppose
- Health Care Reform Issues of Quality, Efficiency, Wellness and Cost must be addressed at federal level after 2008